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TOWN OF HAUGHTON, LOUISIANA
ANNUAL FINANCIAL STATEMENTS
DECEMBER 31, 2007

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Release Date 7/9/08

TOWN OF HAUGHTON, LOUISIANA
Financial Statements
And Independent Auditor's Reports
As of and for the Year Ended December 31, 2007

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Financial Statements
And Independent Auditor's Reports
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INDEPENDENT AUDITOR'S REPORT

WILLIAM E. WEATHERFORD, CPA, LLC

CERTIFIED PUBLIC ACCOUNTANT

INDEPENDENT AUDITOR'S REPORT

The Honorable Martha McGee, Mayor
and the Members of the Board of Aldermen
Town of Haughton, Louisiana

I have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund of the Town of Haughton, Louisiana, as of and for the year ended December 31, 2007, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town of Haughton, Louisiana's management. My responsibility is to express opinions on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinions.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities and each major fund of the Town of Haughton, Louisiana, as of December 31, 2007, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued my report dated June 24, 2008, on my consideration of the Town of Haughton, Louisiana's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and is important for assessing the results of my audit.

The management's discussion and analysis and budgetary comparison information on pages 2 through 8 and 39 through 42, respectively, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, I did not audit the information and express no opinion on it.

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Haughton, Louisiana's basic financial statements. The accompanying supplemental information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

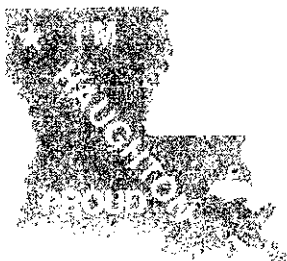
William E. Weatherford, CPA, LLC

William E. Weatherford, CPA, LLC
Certified Public Accountant
Shreveport, Louisiana
June 24, 2008

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REQUIRED SUPPLEMENTAL INFORMATION – PART I

MANAGEMENT'S DISCUSSION AND ANALYSIS



TOWN OF HAUGHTON

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MAYOR
Martha McGee

As management of the Town of Haughton, Louisiana, we offer the readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town of Haughton as of and for the year ended December 31, 2007. We encourage readers to consider the information presented here in conjunction with the Town's basic financial statements and supplementary information provided in this report in assessing the efficiency and effectiveness of our stewardship of public resources.

FINANCIAL HIGHLIGHTS

The Town experienced an increase in its net assets of 14.18% (\$957,422) during the fiscal year ended December 31, 2007. As of December 31, 2007, the assets of the Town exceeded its liabilities by \$7,708,385. Of this amount \$2,909,073 (37.74%) is reported as "unrestricted net assets" and represents the amount available to be used to meet the Town's ongoing obligations to creditors and the citizens of Haughton, Louisiana. Net assets of the governmental activities increased \$314,490 (8.21%), while the net assets of the business-type activities increased \$642,932 (22.01%).

The Town received contributions in aid of construction of a water system extension totaling \$492,773 during 2007.

Grant revenues of \$163,066 were received by the Town through a 2006 Louisiana Community Development Block Grant for sewer system improvements.

Tax revenues increased \$117,859 (8.00%) during 2007.

Expenditures for public safety increased \$53,351 (5.42%) during the year ended December 31, 2007.

As of close of the fiscal year 2007, the Town's governmental funds reported a combined ending fund balance of \$2,812,863, an increase of \$289,356 (11.47%).

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Town's basic financial statements. The Town's basic financial statements include three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains additional required supplementary information (budgetary schedules) and other supplementary information in addition to the basic financial statements. These components are described below:

Basic Financial Statements

The basic financial statements include two kinds of financial statements that present different views of the Town – the **Government-wide Financial Statements** and the **Fund Financial Statements**. These financial statements also include the **Notes to the Financial Statements** that explain some of the information in the financial statements and provide additional detail.

Government-wide Financial Statements

The government-wide financial statements provide a broad view of the Town's operations in a manner similar to a private-sector business. The statements provide both short-term and long-term information about the Town's financial position, which assists users in assessing the Town's economic condition at the end of the year. These statements are prepared using the economic resources measurement focus and the accrual basis of accounting similar to methods used by most businesses. These statements report all revenues and expenses connected with

the year even if cash has not been received or paid and include all assets of the Town as well as all liabilities (including long-term debt). Additionally, certain eliminations have occurred as prescribed by GASB 34 in regards to interfund activity, payables, and receivables. The government-wide financial statements include two statements:

- **The statement of net assets** presents all of the Town's assets and liabilities, with the difference between the two reported as "net assets". Over time, increases or decreases in the Town's net assets may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.
- **The statement of activities** presents information showing how the Town's net assets changed during the most recent year using the full accrual basis of accounting. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Therefore, some revenues and some expenses that are reported in this statement will not result in cash flows until future years. This statement also presents a comparison between direct expenses and program revenues for each function of the Town.

These two statements report the Town's net assets and changes in them. The Town's net assets – the difference between assets and liabilities – can be thought of as one way to measure the Town's financial health, or financial position. Over time, increases or decreases in the Town's net assets are one indicator of whether its financial health is improving or deteriorating. However, you will need to consider other non-financial factors such as changes in the Town's property tax base, to assess the overall health of the Town.

Both of the above financial statements have separate sections for the two different types of Town activities. These activities are:

Governmental Activities – The activities in this section are mostly supported by taxes and intergovernmental revenues (grants). Most services normally associated with the Town fall into this category, including general government, public safety, and streets and drainage.

Business-type Activities – These functions are normally intended to recover all or a significant portion of their costs through user fees and charges to external users of goods and services. The business-type activities of the Town consist of the provision of water, sewer, and sanitation services.

The government-wide financial statements can be found immediately following this discussion and analysis.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The fund financial statements focus on individual parts of the Town government, reporting the Town's operations in more detail than the government-wide statements. The funds of the Town can be divided into two categories. It is important to note that these fund categories use different accounting approaches and should be interpreted differently. The two categories of funds are:

- **Governmental Funds** – Most of the basic services provided by the Town are financed through governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, the fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources at the end of the year. Such information may be useful in evaluating the Town's near-term financing requirements. This approach is known as using the flow of financial resources measurement focus and the modified accrual

basis of accounting. These statements provide a detailed short-term view of the Town's finances and assists in determining whether there will be adequate financial resources available to meet the current needs of the Town.

Because the focus of the governmental funds financial statements is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, users may better understand the long-term impact of the Town's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and the governmental activities. These reconciliations are presented on the page immediately following each governmental funds financial statement.

The Town has three governmental funds: the General Fund, the Debt Service Fund, and the Capital Project Fund. All three funds are considered major funds for presentation purposes. That is, each major fund is presented in a separate column in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances.

The basic governmental funds financial statements can be found immediately following the government-wide financial statements.

- *Proprietary Funds* – These funds are used to show activities that operate more like those of commercial enterprises. Because these funds charge fees for services provided to outside customers, including local governments, they are known as enterprise funds. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. Like the government-wide financial statements, proprietary fund statements use the accrual basis of accounting. There is no reconciliation needed between the government-wide financial statements for business-type activities and the proprietary fund financial statements.

The Town has three enterprise funds, the Water Fund, the Sewer Fund, and the Sanitation Fund, each of which is considered a major proprietary fund for presentation purposes.

The basic proprietary fund financial statements can be found immediately following the governmental fund financial statements.

Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found immediately following the funds financial statements.

Required Supplementary Information

The basic financial statements are followed by a section of required supplementary information. This section includes budgetary comparison schedules for the General Fund, the Debt Service Fund, and the Capital Projects Fund, as presented in the governmental fund financial statements. Annual budgets are prepared in accordance with the Generally Accepted Accounting Principles (GAAP). Following the required supplementary information is supplementary information that is provided to show additional details.

FINANCIAL ANALYSIS OF GOVERNMENT-WIDE ACTIVITIES

Net Assets

Net assets may serve over time as a useful indicator of the Town's financial position. The Town's combined net assets (governmental and business-type activities) totaled \$7,708,385 and \$6,750,963 as of December 31, 2007 and 2006 respectively, an increase of \$957,422 (14.18%).

As of December 31, 2007, \$4,406,034 (57.16%) of the Town's net assets consists of investment in capital assets such as land, buildings, equipment, and water and sewer plant and improvements, less any related debt used to acquire those assets that is still outstanding, compared to \$3,646,043 (54.01%) of the Town's net assets as of the close of the prior year. The Town uses these capital assets to provide services to the citizens of Haughton; consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

A portion of net assets, \$393,278 (5.10%) as of December 31, 2007 and \$317,044 (4.69%) as of December 31, 2006, is restricted by loan covenants for repayment of principal and interest on long-term debt.

The other portion of the Town's net assets, \$2,909,073 (37.74%) and \$2,787,876 (41.30%) as of December 31, 2007 and 2006 respectively, is unrestricted and may be used to meet the Town's ongoing obligations to citizens and creditors at the discretion of the mayor and council of Haughton. The Town continues to maintain a high level of liquidity with \$2,985,888 (102.64%) of the unrestricted net assets of the Town consisting of cash, demand deposits, and certificates of deposit at December 31, 2007 compared to \$2,685,107 (96.31%) at December 31, 2006.

	Activities		Activities		Total	
	2007	2006	2007	2006	2007	2006
Current and Other						
Assets	\$ 2,886,776	\$ 2,573,946	\$ 613,851	\$ 833,941	\$ 3,500,627	\$ 3,407,887
Capital Assets	1,499,413	1,511,804	3,179,166	2,464,222	4,678,579	3,976,026
Total Assets	4,386,189	4,085,750	3,793,017	3,298,163	8,179,206	7,383,913
Current Liabilities	91,136	80,187	56,169	193,715	147,305	273,902
Long-term Liabilities						
Outstanding	151,000	176,000	172,516	183,048	323,516	359,048
Total Liabilities	242,136	256,187	228,685	376,763	470,821	632,950
Invested in Capital						
Assets - Net						
of Related Debt	1,323,413	1,300,636	3,082,621	2,345,407	4,406,034	3,646,043
Restricted	393,278	317,044	-	-	393,278	317,044
Unrestricted	2,427,362	2,211,883	481,711	575,993	2,909,073	2,787,876
Total Net Assets	\$ 4,144,053	\$ 3,829,563	\$ 3,564,332	\$ 2,921,400	\$ 7,708,385	\$ 6,750,963

Changes in Net Assets

The Town's net assets increased by \$957,422 (14.18%) during the year ended December 31, 2007 compared to an increase of \$354,294 (5.54%) in 2006. This increase is primarily due to increased tax revenues (\$117,859) and increased capital grants and contributions (\$636,730).

Approximately 27.53% (\$915,691) of the Town's total revenues was derived through charges for services in 2007 compared to 35.42% (\$911,659) in 2006. During the year ended December 31, 2007, approximately 52.36 % (\$1,740,877) was derived from general revenues including taxes and interest compared to 62.19% (\$1,600,849) during 2006. The Town received \$668,565 (20.11%) and \$61,605 (2.39%) of its total revenues through program grants and contributions during 2007 and 2006, respectively.

The largest expenses were for public safety, general government, water and sewer. In fiscal year 2007, governmental activity expenses exceeded program revenues resulting in the use of \$1,015,783 in general revenues, mostly taxes. Net revenues from business-type activities in fiscal year 2007 exceeded expenses by \$232,328.

	Governmental Activities		Business-type Activities		Total	
	2007	2006	2007	2006	2007	2006
Revenues:						
Program revenues:						
Charges for services	\$ 247,579	\$ 265,359	\$ 668,112	\$ 646,300	\$ 915,691	\$ 911,659
Operating grants and contributions	-	29,770	-	-	-	29,770
Capital grants and contributions	175,792	31,835	492,773	-	668,565	31,835
General revenues:						
Taxes	1,589,548	1,471,689	-	-	1,589,548	1,471,689
Interest	82,894	68,152	35,441	24,547	118,335	92,699
Other	25,039	21,080	7,955	15,381	32,994	36,461
Total revenues	<u>2,120,852</u>	<u>1,887,885</u>	<u>1,204,281</u>	<u>686,228</u>	<u>3,325,133</u>	<u>2,574,113</u>
Expenses:						
General government	277,425	287,412	-	-	277,425	287,412
Public safety	1,038,333	984,982	-	-	1,038,333	984,982
Streets and drainage	123,396	108,207	-	-	123,396	108,207
Water	-	-	375,537	335,344	375,537	335,344
Sewer	-	-	397,929	363,641	397,929	363,641
Sanitation	-	-	155,091	140,233	155,091	140,233
Total expenses	<u>1,439,154</u>	<u>1,380,601</u>	<u>928,557</u>	<u>839,218</u>	<u>2,367,711</u>	<u>2,219,819</u>
Increase (decrease) in net assets before transfers	<u>681,698</u>	<u>507,284</u>	<u>275,724</u>	<u>(152,990)</u>	<u>957,422</u>	<u>354,294</u>
Transfers	(367,208)	(129,915)	367,208	129,915	-	-
Change in net assets	<u>314,490</u>	<u>377,369</u>	<u>642,932</u>	<u>(23,075)</u>	<u>957,422</u>	<u>354,294</u>
Net assets - beginning of year	3,829,563	3,452,194	2,921,400	2,944,475	6,750,963	6,396,669
Net assets - end of year	<u>\$ 4,144,053</u>	<u>\$ 3,829,563</u>	<u>\$ 3,564,332</u>	<u>\$ 2,921,400</u>	<u>\$ 7,708,385</u>	<u>\$ 6,750,963</u>

FINANCIAL ANALYSIS OF THE INDIVIDUAL FUNDS

As noted earlier, the Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the Town's governmental funds is to provide information on the near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town's financing requirements. In particular, unreserved fund balance may serve as a useful measure of the Town's net resources available for spending at the end of the year.

At the end of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$2,812,863, an increase of \$289,356 in comparison with the prior year. Approximately 85.88% (\$2,415,741) of this total amount constitutes *unreserved fund balance*, which is available for spending at the Town's discretion.

The remainder of fund balance (\$397,122 or 14.12%) is reserved to indicate that it is not available for spending because it has already been committed for specific purposes.

The General Fund is the chief operating fund for the Town. Unreserved fund balance was \$2,415,741 at the end of the current fiscal year which represents an increase of \$203,533 (9.20%) compared to the \$2,212,208 unreserved fund balance at December 31, 2006. The primary reasons for the General Fund's increase is an increase in sales tax revenues of \$73,279 and an increase in interest revenues of \$15,773 which was offset by a decrease in fines and forfeitures revenues of \$21,895, an increase in public safety expenditures of \$32,121, and an increase in transfers to other funds of \$64,161.

Proprietary Funds

The Town's proprietary funds provide the same type of information as the government-wide financial statements, but in more detail. The proprietary fund financial statements provide separate information for the Water, Sewer, and Sanitation operations, which are considered to be major funds of the Town. The Town's proprietary funds consist of enterprise funds which report the same functions presented as business-type activities in the government-wide financial statements.

At the end of the current fiscal year, the Town's proprietary funds reported combined ending net assets of \$3,564,332; an increase of \$642,932 (22.01%) in comparison with the prior year's ending net assets of \$2,921,400. The Water Fund had an increase in net assets of \$656,249 (51.21%), the Sewer Fund had a decrease in net assets of \$28,406 (1.97%), and the Sanitation Fund had an increase in net assets of \$15,089 (7.71%). \$3,082,621 (86.49%) represents investment in capital assets net of accumulated depreciation and related outstanding debt. A total of \$481,711 (13.51%) is unrestricted and is available for spending at the Town's discretion.

GENERAL FUND BUDGETARY HIGHLIGHTS

Formal budgetary integration is employed as a management control device during the fiscal year. The budget policy of the Town complies with state law, as amended, and as set forth in Louisiana Revised Statutes Title 39, Chapter 9, Louisiana Local Government Budget Act (LSA – R.S. 39:1301 et seq.).

The Town's General Fund budget was amended on December 11, 2007.

The actual revenues were \$203,585 above the original budgeted amounts and the actual expenditures were \$145,867 less than the final budgeted amounts.

Actual transfers from the General Fund (other financing uses) exceeded the final budgeted amount by \$311,861.

CAPITAL ASSET ADMINISTRATION

The Town's investment in capital assets for its governmental and business-type activities as of December 31, 2007 totaled \$9,563,772, net of accumulated depreciation of \$4,885,193, leaving a book value of \$4,678,579. This investment in capital assets consists of land, buildings, equipment, and water and sewer plant and improvements. The net increase in the Town's investment in capital assets for the current year was \$1,048,380, about 12.31% in terms of historical cost. Depreciation charges for the year totaled \$385,436 for 2007 compared to \$337,308 for the prior year.

During 2007 the Town expended \$62,573 for police vehicles, \$21,630 for police equipment, and \$58,805 for a vehicle for the fire department. The Town spent \$168,407 for a pump station, \$503,006 for water line extensions along Highway 157, and \$35,871 for a new water well during 2007. \$186,365 was expended for sewer improvements. During May, 2007, the Town expended \$14,965 for a tractor and bush hog.

DEBT ADMINISTRATION

At year-end, the Town had \$272,546 in bonds outstanding, a decrease of \$46,268 (14.51%) compared to the prior year as a result of normal amortization of debt.

Debt considered a liability of government activities (general obligation and revenue bonds) decreased \$24,000 while debt considered a liability of the business-type activities (revenue bonds) decreased by \$22,268.

The town's capital lease obligations, which are considered a liability of the government activities, matured and were retired during 2007.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The following economic factors were considered when the budget for the fiscal year ended December 31, 2008 was prepared:

- Operating revenues are expected to remain consistent with the prior year.
- Operating expenditures are expected to remain consistent with the prior year.
- The Town expects to receive \$292,500 of grant revenues.
- Capital outlays are expected to total \$477,828.

REQUESTS FOR INFORMATION

The financial report is designed to provide a general overview of the finances of the Town and seeks to demonstrate the Town's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Town of Haughton, P.O. Box 729, Haughton, Louisiana 71037 or by calling (318) 949-9401.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

TOWN OF HAUGHTON, LOUISIANA

Statement of Net Assets December 31, 2007

<u>Assets</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Current assets:			
Cash and cash equivalents	\$ 2,210,497	\$ 407,579	\$ 2,618,076
Certificates of deposit	181,516	186,296	367,812
Receivables (net where applicable, of allowances for uncollectibles):			
Taxes	203,843	-	203,843
Federal grants	4,866	-	4,866
Accounts	-	88,532	88,532
Accrued interest	2,752	5,239	7,991
Prepaid expenses	4,724	-	4,724
Internal balances	278,578	(278,578)	-
Total current assets	<u>2,886,776</u>	<u>409,068</u>	<u>3,295,844</u>
Noncurrent assets:			
Restricted assets:			
Cash and cash equivalents	-	129,915	129,915
Certificates of deposit	-	74,868	74,868
Capital assets (net of accumulated depreciation)	1,499,413	3,179,166	4,678,579
Total noncurrent assets	<u>1,499,413</u>	<u>3,383,949</u>	<u>4,883,362</u>
Total assets	<u>4,386,189</u>	<u>3,793,017</u>	<u>8,179,206</u>
Liabilities			
Current liabilities:			
Accounts and other payables	64,389	27,541	91,930
Interest payable	1,747	5,553	7,300
Current portion of bonds payable	25,000	23,075	48,075
Total current liabilities	<u>91,136</u>	<u>56,169</u>	<u>147,305</u>
Noncurrent liabilities:			
Deposits	-	99,045	99,045
Revenue bonds payable	151,000	73,471	224,471
Total noncurrent liabilities	<u>151,000</u>	<u>172,516</u>	<u>323,516</u>
Total liabilities	<u>242,136</u>	<u>228,685</u>	<u>470,821</u>
Net Assets			
Invested in capital assets, net of related debt	1,323,413	3,082,621	4,406,034
Restricted for debt service	393,278	-	393,278
Unrestricted	2,427,362	481,711	2,909,073
Total net assets	<u>\$ 4,144,053</u>	<u>\$ 3,564,332</u>	<u>\$ 7,708,385</u>

The notes to the financial statements are an integral part of this statement.
See the accompanying independent auditor's report.

TOWN OF HAUGHTON, LOUISIANA

Statement of Activities

For the Year Ended December 31, 2007

Functions	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Primary Government:							
Governmental Activities:							
General government	\$ 277,425	\$ 145,199	\$ -	\$ 163,066	\$ 30,840	\$ -	\$ 30,840
Public safety	1,038,333	102,380	-	4,226	(931,727)	-	(931,727)
Streets and drainage	123,396	-	-	8,500	(114,896)	-	(114,896)
Total governmental activities	1,439,154	247,579	-	175,792	(1,015,783)	-	(1,015,783)
Business-type Activities:							
Water	375,537	300,220	-	492,773	-	417,456	417,456
Sewer	397,929	199,017	-	-	-	(198,912)	(198,912)
Sanitation	155,091	168,875	-	-	-	13,784	13,784
Total business-type activities	928,557	668,112	-	492,773	-	232,328	232,328
Total Primary Government	\$ 2,367,711	\$ 915,691	\$ -	\$ 668,565	(1,015,783)	232,328	(783,455)
General Revenues:							
Taxes -							
Property taxes					112,336	-	112,336
Video poker taxes					410,433	-	410,433
Sales taxes					890,063	-	890,063
Other taxes					176,716	-	176,716
Interest and investment earnings					82,894	35,441	118,335
Gain on sale of assets					500	-	500
Miscellaneous					24,539	7,955	32,494
Transfers					(367,208)	367,208	-
Total general revenues and transfers					1,330,273	410,604	1,740,877
Change in net assets					314,490	642,932	957,422
Net assets - beginning of year					3,829,563	2,921,400	6,750,963
Net assets - end of year					\$ 4,144,053	\$ 3,564,332	\$ 7,708,385

The notes to the financial statements are an integral part of this statement.
See the accompanying independent auditor's report.

FUND FINANCIAL STATEMENTS

TOWN OF HAUGHTON, LOUISIANA

Balance Sheet – Government Funds December 31, 2007

	Major Funds			
	General Fund	Debt Service	Capital Projects	Total
<u>Assets</u>				
Cash and cash equivalents	\$ 2,136,882	\$ 73,614	\$ 1	\$ 2,210,497
Certificates of deposit	181,516	-	-	181,516
Receivables (net where applicable, of allowances for uncollectibles):				
Taxes	169,309	34,534	-	203,843
Federal grants	-	-	4,866	4,866
Prepaid expenses	4,724	-	-	4,724
Due from other funds	126,325	285,161	-	411,486
Total assets	<u>\$ 2,618,756</u>	<u>\$ 393,309</u>	<u>\$ 4,867</u>	<u>\$ 3,016,932</u>
<u>Liabilities</u>				
Accounts and other payables	\$ 64,389	\$ -	\$ -	\$ 64,389
Deferred property taxes	1,027	5,745	-	6,772
Due to other funds	132,875	32	1	132,908
Total liabilities	<u>198,291</u>	<u>5,777</u>	<u>1</u>	<u>204,069</u>
<u>Fund Balances</u>				
Fund balances:				
Reserved for debt service	-	387,532	-	387,532
Reserved for prepaid	4,724	-	-	4,724
Reserved for capital projects	-	-	4,866	4,866
Unreserved	2,415,741	-	-	2,415,741
Total fund balances	<u>2,420,465</u>	<u>387,532</u>	<u>4,866</u>	<u>2,812,863</u>
Total liabilities and fund balances	<u>\$ 2,618,756</u>	<u>\$ 393,309</u>	<u>\$ 4,867</u>	<u>\$ 3,016,932</u>

The notes to the financial statements are an integral part of this statement.
See the accompanying independent auditor's report.

TOWN OF HAUGHTON, LOUISIANA

Reconciliation of Fund Balances on the Balance Sheet for
Governmental Funds to Net Assets of Governmental
Activities on the Statement of Net Assets
December 31, 2007

Fund balances - total governmental funds		\$ 2,812,863
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds:		
Add - capital assets	\$ 3,312,225	
Deduct - accumulated depreciation	<u>(1,812,812)</u>	
		1,499,413
Some of the Town's revenues will be collected after year-end but are not available soon enough to pay for the current period's expenditures and therefore are deferred in the funds:		
Accrued interest	2,752	
Ad valorem taxes	<u>6,772</u>	
		9,524
Interest on long-term debt is accrued in the statement of net assets but not in the governmental funds		
		(1,747)
Some liabilities are not due and payable in the current period and therefore are not reported in the governmental funds. Those liabilities consist of:		
Revenue bonds payable		<u>(176,000)</u>
Net assets of governmental activities		<u><u>\$ 4,144,053</u></u>

The notes to the financial statements are an integral part of this statement.
See the accompanying independent auditor's report.

TOWN OF HAUGHTON, LOUISIANA

Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds For the Year Ended December 31, 2007

	Major Funds			Total
	General Fund	Debt Service	Capital Projects	
Revenues:				
Property taxes	\$ 38,273	\$ 73,036	\$ -	\$ 111,309
Franchise taxes	77,373	-	-	77,373
Sales Taxes	890,063	-	-	890,063
Other taxes	15,312	-	-	15,312
Licenses and permits	145,199	-	-	145,199
Grant revenue	4,226	-	163,066	167,292
Intergovernmental	494,464	-	-	494,464
Interest	79,656	2,512	-	82,168
Fines and forfeits	102,380	-	-	102,380
Contributions	8,500	-	-	8,500
Other	24,539	-	-	24,539
Total revenues	<u>1,879,985</u>	<u>75,548</u>	<u>163,066</u>	<u>2,118,599</u>
Expenditures:				
Current:				
General government	261,473	-	-	261,473
Public safety	920,395	-	-	920,395
Streets and drainage	56,461	-	-	56,461
Capital outlay	175,473	-	-	175,473
Debt service:				
Principal retirement	11,169	24,000	-	35,169
Interest	771	11,793	-	12,564
Fiscal charges	-	1,000	-	1,000
Total expenditures	<u>1,425,742</u>	<u>36,793</u>	<u>-</u>	<u>1,462,535</u>
Excess of revenues over expenditures	<u>454,243</u>	<u>38,755</u>	<u>163,066</u>	<u>656,064</u>
Other financing sources (uses):				
Sale of assets	500	-	-	500
Transfers in	65,375	37,478	-	102,853
Transfers out	(311,861)	-	(158,200)	(470,061)
Total other financing sources (uses)	<u>(245,986)</u>	<u>37,478</u>	<u>(158,200)</u>	<u>(366,708)</u>
Net change in fund balances	<u>208,257</u>	<u>76,233</u>	<u>4,866</u>	<u>289,356</u>
Fund balances at beginning of year	<u>2,212,208</u>	<u>311,299</u>	<u>-</u>	<u>2,523,507</u>
Fund balances at end of year	<u><u>\$ 2,420,465</u></u>	<u><u>\$ 387,532</u></u>	<u><u>\$ 4,866</u></u>	<u><u>\$ 2,812,863</u></u>

The notes to the financial statements are an integral part of this statement.
See the accompanying independent auditor's report.

TOWN OF HAUGHTON, LOUISIANA

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of the Governmental Funds to the Governmental Activities in the Statement of Activities For the Year Ended December 31, 2007

Net change in fund balances - total governmental funds	\$ 289,356
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense (\$187,864) exceeds capital outlays (\$175,473) in the current period.	
	(12,391)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:	
Accrued interest receivable	2,752
Ad valorem taxes	6,772
Revenues reported in the governmental funds when they provide current financial resources previously reported in the statement of activities.	
Accrued interest receivable	(2,027)
Ad valorem taxes	(5,745)
Some expenses reported in the statement of activities do not require the use of current financial resources and these are not reported as expenditures in government funds:	
Accrued interest payable	(1,747)
Expenses reported in the governmental funds when they require the use of current financial resources previously reported in the statement of activities:	
Accrued interest payable	2,351
Bond principal retirements are a use of current financial resources (expenditure) to governmental funds but the repayment reduces long-term liabilities in the statement of net assets.	
	<u>35,169</u>
Change in net assets of governmental activities- statement of activities	<u>\$ 314,490</u>

The notes to the financial statements are an integral part of this statement.
See the accompanying independent auditor's report.

TOWN OF HAUGHTON, LOUISIANA

Statement of Net Assets Proprietary Funds December 31, 2007

	Business-type Activities - Enterprise Funds			
	Water Fund	Sewer Fund	Sanitation Fund	Total
<u>Assets</u>				
Current assets:				
Cash and cash equivalents	\$ 363,025	\$ 7,236	\$ 37,318	\$ 407,579
Certificates of deposit	170,472	-	15,824	186,296
Receivables (net, where applicable, of				
Accounts	35,651	29,385	23,496	88,532
Accrued interest	5,026	-	213	5,239
Due from other funds	32	15,048	148,500	163,580
Total current assets	<u>574,206</u>	<u>51,669</u>	<u>225,351</u>	<u>851,226</u>
Noncurrent assets:				
Restricted assets:				
Cash and cash equivalents	90,654	39,261	-	129,915
Certificates of deposit	64,868	-	10,000	74,868
Property, plant and equipment (net of accumulated depreciation)	<u>1,469,017</u>	<u>1,710,149</u>	<u>-</u>	<u>3,179,166</u>
Total noncurrent assets	<u>1,624,539</u>	<u>1,749,410</u>	<u>10,000</u>	<u>3,383,949</u>
Total assets	<u>2,198,745</u>	<u>1,801,079</u>	<u>235,351</u>	<u>4,235,175</u>
<u>Liabilities and Fund Equity</u>				
Current liabilities (payable from current assets):				
Accounts payable	12,567	2,241	12,733	27,541
Due to other funds	<u>57,406</u>	<u>383,018</u>	<u>1,734</u>	<u>442,158</u>
Total current liabilities (payable from current assets)	<u>69,973</u>	<u>385,259</u>	<u>14,467</u>	<u>469,699</u>
Current liabilities (payable from restricted assets):				
Current portion of bonds payable	23,075	-	-	23,075
Interest payable	5,553	-	-	5,553
Deposits	<u>89,045</u>	<u>-</u>	<u>10,000</u>	<u>99,045</u>
Total current liabilities (payable from restricted assets)	<u>117,673</u>	<u>-</u>	<u>10,000</u>	<u>127,673</u>
Noncurrent liabilities:				
Revenue bonds payable	<u>73,471</u>	<u>-</u>	<u>-</u>	<u>73,471</u>
Total liabilities	<u>261,117</u>	<u>385,259</u>	<u>24,467</u>	<u>670,843</u>
<u>Net Assets</u>				
Invested in capital assets, net of related debt	1,372,471	1,710,149	-	3,082,621
Unrestricted - (Deficit)	<u>565,157</u>	<u>(294,329)</u>	<u>210,884</u>	<u>481,711</u>
Total net assets	<u>\$ 1,937,628</u>	<u>\$ 1,415,820</u>	<u>\$ 210,884</u>	<u>\$ 3,564,332</u>

The notes to the financial statements are an integral part of this statement.
See the accompanying independent auditor's report.

TOWN OF HAUGHTON, LOUISIANA

Statement of Revenues, Expenses and Changes in Fund Net Assets Proprietary Funds For the Year Ended December 31, 2007

	Business-type Activities - Enterprise Funds			
	Water Fund	Sewer Fund	Sanitation Fund	Total
Operating revenues:				
Charges for service	\$ 300,220	\$ 199,017	\$ 168,875	\$ 668,112
Other	7,805	-	150	7,955
Total operating revenues	308,025	199,017	169,025	676,067
Operating expenses:				
Personal services	125,969	125,900	-	251,869
Contractual services	15,111	16,703	154,002	185,816
Supplies and materials	49,633	20,777	-	70,410
Utilities	27,935	6,207	-	34,142
Insurance	24,112	24,112	-	48,224
Repairs and maintenance	20,912	104,522	-	125,434
Depreciation	101,928	95,644	-	197,572
Other	3,684	4,064	1,089	8,837
Total operating expenses	369,284	397,929	155,091	922,304
Operating income (loss)	(61,259)	(198,912)	13,934	(246,237)
Non-operating revenues (expenses):				
Interest income	32,670	1,616	1,155	35,441
Interest expense	(6,253)	-	-	(6,253)
Total non-operating revenues (expenses)	26,417	1,616	1,155	29,188
Income (loss) before other financing sources (uses)	(34,842)	(197,296)	15,089	(217,049)
Other financing sources (uses):				
Contributions in aid of construction	492,773	-	-	492,773
Transfers in	235,818	196,765	-	432,583
Transfers out	(37,500)	(27,875)	-	(65,375)
Total other financing sources (uses)	691,091	168,890	-	859,981
Change in net assets	656,249	(28,406)	15,089	642,932
Total net assets - beginning	1,281,379	1,444,226	195,795	2,921,400
Total net assets - ending	\$ 1,937,628	\$ 1,415,820	\$ 210,884	\$ 3,564,332

The notes to the financial statements are an integral part of this statement.
See the accompanying independent auditor's report.

TOWN OF HAUGHTON, LOUISIANA

Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2007

	Business-type Activities - Enterprise Funds			
	Water Fund	Sewer Fund	Sanitation Fund	Total
Cash Flows from Operating Activities:				
Receipts from customers and users	\$ 302,463	\$ 196,333	\$ 165,786	\$ 664,582
Payments to suppliers	(159,115)	(204,150)	(153,892)	(517,157)
Payments to employees	(101,633)	(101,633)	-	(203,266)
Net Cash Provided (Used) by Operating Activities	<u>41,715</u>	<u>(109,450)</u>	<u>11,894</u>	<u>(55,841)</u>
Cash Flows from Noncapital Financing Activities:				
Repayment of bank over-draft	-	(1,207)	-	(1,207)
Increase (decrease) in customers' deposits	12,505	-	-	12,505
Advances to other funds	-	(5,841)	(5,667)	(11,508)
Advances from other funds	6,553	143,456	-	150,009
Transfers from other funds	235,818	196,765	-	432,583
Transfers to other funds	(37,500)	(27,875)	-	(65,375)
Net Cash Provided (Used) by Noncapital Financing Activities	<u>217,376</u>	<u>305,298</u>	<u>(5,667)</u>	<u>517,007</u>
Cash Flows from Capital and Related Financing Activities:				
Contribution in aid of construction	492,773	-	-	492,773
Acquisition and construction of capital assets	(726,151)	(186,365)	-	(912,516)
Principal paid on capital debt	(22,268)	-	-	(22,268)
Interest paid on capital debt	(7,593)	-	-	(7,593)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(263,239)</u>	<u>(186,365)</u>	<u>-</u>	<u>(449,604)</u>
Cash Flows from Investing Activities:				
Interest received	32,669	1,616	1,155	35,440
Proceeds from sale and maturity of investments	217,728	-	-	217,728
Purchase of investments	(235,340)	-	-	(235,340)
Net Cash Provided by Investing Activities	<u>15,057</u>	<u>1,616</u>	<u>1,155</u>	<u>17,828</u>
Net Increase (Decrease) in Cash and Cash Equivalents	10,909	11,099	7,382	29,390
Cash and Cash Equivalents, Beginning of Year	442,770	35,398	29,936	508,104
Cash and Cash Equivalents, End of Year	<u>\$ 453,679</u>	<u>\$ 46,497</u>	<u>\$ 37,318</u>	<u>\$ 537,494</u>

The notes to the financial statements are an integral part of this statement.
See the accompanying independent auditor's report.

TOWN OF HAUGHTON, LOUISIANA

Statement of Cash Flows - Continued Proprietary Funds For the Year Ended December 31, 2007

	Business-type Activities - Enterprise Funds			
	Water Fund	Sewer Fund	Sanitation Fund	Total
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:				
Operating income (loss)	\$ (61,259)	\$ (198,912)	\$ 13,934	\$ (246,237)
Adjustments to reconcile operating loss to net cash provided by operating activities:				
Depreciation Expense	101,928	95,644	-	197,572
(Increase) decrease in accounts receivable	(5,562)	(2,685)	(3,239)	(11,486)
Increase (decrease) in accounts payable	6,608	(3,497)	1,199	4,310
Total adjustments	102,974	89,462	(2,040)	190,396
Net Cash Provided (Used) by Operating Activities	<u>\$ 41,715</u>	<u>\$ (109,450)</u>	<u>\$ 11,894</u>	<u>\$ (55,841)</u>
Noncash Investing, Capital, and Financing Activities:	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Reconciliation of cash and cash equivalents:				
Cash and cash equivalents	\$ 363,025	\$ 7,236	\$ 37,318	\$ 407,579
Restricted cash and cash equivalents	90,654	39,261	-	129,915
Total cash and cash equivalents	<u>\$ 453,679</u>	<u>\$ 46,497</u>	<u>\$ 37,318</u>	<u>\$ 537,494</u>

The notes to the financial statements are an integral part of this statement.
See the accompanying independent auditor's report.

TOWN OF HAUGHTON, LOUISIANA

Notes to the Financial Statements
December 31, 2007

Introduction:

The Town of Haughton, Louisiana (Town), was incorporated April 29, 1920, under the provisions of the Lawrason Act. The Town is located in Bossier Parish in Northwest Louisiana.

The Town operates under the Mayor-Board of Aldermen form of government. Elected officials of the Town consist of the mayor and five (5) aldermen who are each elected to four-year terms. The affairs of the Town are conducted and managed by the mayor and the board of aldermen.

The accompanying financial statements of the Town have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The Town's reporting entity applies all relevant Government Accounting Standards Board (GASB) pronouncements. Proprietary funds apply Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails. GAAP as applicable to governments also conforms to the requirements of Louisiana R.S. 24:517 and to the guides set forth in the *Louisiana Municipal Audit and Accounting Guide* and to the industry guide, *Audits of State and Local Government Units*, published by the American Institute of Certified Public Accountants.

GASB Statement No. 14, *The Reporting Entity*, established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under the provisions of this Statement, the Town is considered a primary government since it is a special purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state or local governments. As used in GASB Statement No. 14, fiscally independent means that the Town may, without the approval or consent of another governmental entity, determine or modify its own budget, levy its own taxes or set rates or charges, or issue bonded debt.

1. Summary of Significant Accounting Policies:

The accounting and reporting framework and the more significant accounting policies of the Town are described as follows:

Reporting Entity –

In evaluating the Town as a reporting entity, management has addressed all potential component units (traditionally separate reporting entities) for which the Town may be financially accountable and, such should be included within the Town's financial statements. The Town (primary government) is financially accountable if it appoints a voting majority or the organization's governing board and (1) it is able to impose its will on the organization or (2) there is a potential for the organization to provide specific financial burden on the Town. Additionally, the primary government is required to consider other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. There were no entities that were determined to be component units of the Town of Haughton, Louisiana.

TOWN OF HAUGHTON, LOUISIANA

Notes to the Financial Statements
December 31, 2007

1. Summary of Significant Accounting Policies (Continued):

Basis of Presentation –

The accompanying basic financial statements of the Town have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. The Town's basic financial statements consist of Government-wide Financial Statements, including a Statement of Net Assets and a Statement of Activities, and Fund Financial Statements, which provide a more detailed level of financial information.

Fund Accounting –

The Town uses funds to maintain its financial records during the year. Each fund is accounted for by a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues, and expenditures. The individual funds account for the governmental resources allocated to them for the purpose of carrying on specific activities in accordance with laws, regulations, or other restrictions. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government functions or activities.

The funds of the Town are classified into two categories: governmental and proprietary.

Governmental Funds: Governmental funds account for all or most of the Town's general activities. These funds focus on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may be used. Current liabilities are assigned to the fund from which they will be paid. The difference between the governmental fund's assets and liabilities is reported as fund balance. In general, fund balance represents the accumulated expendable resources which may be used to finance future period programs or operations.

The following is the Town's governmental funds:

General Fund – The General Fund is the primary operating fund of the Town. All financial resources, except those required to be accounted for in another fund, are accounted for in the General Fund.

Debt Service Fund – The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt including principal, interest, and related costs.

Capital Projects Fund – The Capital Projects Fund is used to account for all financial resources to be used for the acquisition or construction of major capital facilities other than those financed by Proprietary Funds.

Proprietary Funds: Proprietary funds are used to account for the Town's ongoing organizations and activities which are similar to those often found in the private sector. The measurement focus is based upon determination of net income, financial position, and cash flows. The following is the Town's proprietary fund type:

TOWN OF HAUGHTON, LOUISIANA

Notes to the Financial Statements
December 31, 2007

1. Summary of Significant Accounting Policies (Continued):

Fund Accounting (Continued) -

Enterprise Funds – Enterprise Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis are financed or recovered primarily through user charges or (b) where the governing body has decided that the periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

The Town's enterprise funds are:

Water Fund - Accounts for the provision of water services to the residents of the Town. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing and related debt service, and billing and collection.

Sewer Fund - Accounts for the provision of sewerage services to the residents of the Town. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing and related debt service, and billing and collection.

Sanitation Fund - Accounts for the provision of sanitation services to the residents of the Town. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing and related debt service, and billing and collection.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation-

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

Government-wide Financial Statements (GWFS)

The statement of net assets and the statement of activities include all the financial activities of the Town. Information contained in these statements reflects the "economic resources" measurement focus and the accrual basis of accounting. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange or exchange-like transactions are recognized when the exchange occurs (regardless of when cash is received or disbursed). Revenues, expenses, gains, losses, assets and liabilities resulting from non-exchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, *Accounting and Financial Reporting for Non-exchange Transactions*. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

TOWN OF HAUGHTON, LOUISIANA

Notes to the Financial Statements
December 31, 2007

1. Summary of Significant Accounting Policies (Continued):

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued) -

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment of the Town's activities is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. The Town does not allocate indirect expenses to functions in the statement of activities. Program revenues reduce the cost of the function to be financed from the Town's general revenues. Program revenues included in the statement of activities are (1) derived directly from charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function, (2) operating grants and contributions, and (3) capital grants and contributions. For identifying to which function program revenue pertains, the determining factor for charges for services is which function generates the revenue. For grants and contributions, the determining factor is to which functions the revenues are restricted. Revenues not classified as program revenues are presented as general revenues, which include ad valorem taxes, sales taxes, franchise taxes, interest and other items not properly included in program revenues.

Fund Financial Statements (FFS)

The fund financial statements report financial information by major and nonmajor funds. The emphasis on fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. A fund is considered major if it is the primary operating fund of the Town or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least ten percent (10%) of the corresponding total for all funds of that category or type.
- b. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least five percent (5%) of the corresponding total for all government and enterprise funds combined.
- c. The Town's management believes that the fund is particularly important to the financial statement users.

The Town considers the General Fund, the Debt Service Fund, the Capital Projects Fund, the Water Fund, the Sewer Fund and the Sanitation Fund to be "major funds".

Governmental Fund Financial Statements – The amounts reflected in the Governmental Fund Financial Statements are accounted for using the "current financial resources" measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. When the "current financial resources" measurement focus is used, amounts recorded as assets exclude capital assets and the acquisition of capital assets is treated as expenditures. Furthermore, long-term debts are excluded from amounts reported as liabilities. Proceeds from issuing long-term debt are reported as an other financing source and repayment of long-term debt is reported as an expenditure. The statement of revenues, expenditures, and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources.

TOWN OF HAUGHTON, LOUISIANA

Notes to the Financial Statements
December 31, 2007

1. Summary of Significant Accounting Policies (Continued):

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued) -

This approach is then reconciled, through adjustment, to a government-wide view of the Town's operations.

The amounts reflected in the Governmental Fund Financial Statements use the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The Town considers all revenues available if they are collected within 60 days after the fiscal year end.

The governmental funds use the following practices in recording revenues and expenditures:

Sales tax revenues are recorded in the period in which the underlying exchange has occurred.

Fines, forfeitures, and fees are recognized in the period they are collected by the Town.

Interest earnings on deposits are recorded when earned.

Ad valorem taxes are recorded in the year the taxes are assessed. Ad valorem taxes are assessed on a calendar year basis and attach as an enforceable lien and become due and payable on the date the tax rolls are filed with the recorder of mortgages. Louisiana Revised Statute 47: 1993 requires that the tax roll be filed on or before November 15 of each year. Ad valorem taxes become delinquent if not paid by December 31. The taxes are generally collected in December of the year assessed and January and February of the ensuing year.

Revenue from federal and state grants is recognized when all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when resources are required to be used or the year when use is first permitted; matching requirements, in which the Town must provide local resources to be used for a specified purpose; and expenditure requirements, in which resources are provided to the Town on a reimbursement basis.

Those revenues susceptible to accrual are sales taxes, property taxes, franchise taxes, grants, interest revenue and charges for services. Substantially all other revenues, including fines, permits, and license revenues are not susceptible to accrual because generally they are not measurable until received in cash.

Expenditures are generally recognized under the modified accrual basis when a liability is incurred.

Salaries and related benefits are recorded when employee services are provided to the Town.

Purchases of various operating supplies are recorded as expenditures in the accounting period in which they are purchased.

Commitments under construction contracts are recognized as expenditures when earned by the contractor.

TOWN OF HAUGHTON, LOUISIANA

Notes to the Financial Statements
December 31, 2007

1. Summary of Significant Accounting Policies (Continued):

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued) -

Purchases of capital assets in the governmental funds are recorded as expenditures when purchased. Governmental fund capital assets are reported at cost, net of accumulated depreciation, only in the government-wide financial statements.

General obligation and revenue bond principal payments are recorded as expenditures when paid. The amount of general obligation bonds outstanding at December 31, 2007, has been reported only in the government-wide financial statements.

Proprietary Fund Financial Statements – The financial statements of the proprietary fund are reported using the “economic resources” measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets (or cost recovery), financial position, and cash flows.

The amounts reflected in the proprietary fund financial statements use the accrual basis of accounting. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund’s principal ongoing operations. Revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. Proprietary fund equity is classified as net assets.

Cash, Cash Equivalents, and Investments –

Cash and cash equivalents include cash on hand and amounts in demand deposits and short term, highly liquid investments with original maturities of 90 days or less when purchased.

The Town’s investments comply with Louisiana Statutes (LSA R.S. 33:2955). Under state law, the Town may deposit funds with a fiscal agent organized under the laws of Louisiana, the laws of any other state in the union, or the laws of the United States. The Town may invest in United States bonds, treasury notes and bills, government backed agency securities, or certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana. In addition, local Louisiana governments are authorized to invest in the Louisiana Asset Management Pool (LAMP), a nonprofit corporation formed by the State Treasurer and organized under the laws of the State of Louisiana, which operates a local government investment pool.

Receivables -

In the government-wide financial statement, receivables consist of all revenues earned at year-end and not yet received. Major receivables for the governmental activities include franchise taxes, sales and use taxes, interest, and property tax revenues. Receivables for the proprietary funds consist of charges for customer services. The Town uses the allowance method to account for bad debts for property taxes. Under this method, an estimate is made of the expected bad debts included in the year-end receivables. The provision for bad debts is recorded as a current expenditure with a corresponding increase to the allowance for doubtful accounts. Accounts receivable are reported in the financial statements net of the allowance account. Subsequent charge-offs or recoveries of specific accounts respectively decrease or increase the allowance account.

TOWN OF HAUGHTON, LOUISIANA

Notes to the Financial Statements
December 31, 2007

1. Summary of Significant Accounting Policies (Continued):

Prepaid Expenses -

Payments made to vendors for services that will benefit periods beyond December 31, 2007 are recorded as prepaid expenses.

Interfund Balances (Due from/to Other Funds) -

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Those related to goods and service type transactions are classified as "due to and due from other funds". These receivables and payables are classified as due from/to other funds in the fund financial statements.

Amounts reported in the fund financial statements as interfund receivables and payables are eliminated in the government-wide statement of net assets.

Resources belonging to particular funds are commonly shared with other funds that need to access to additional resources. When resources are provided without the expectation of repayment, the transaction is reported as a transfer and is treated as a source of income by the recipient fund and as an expenditure by the providing fund.

Capital Assets -

Capital assets which include property, plant, equipment, and infrastructure assets (e.g. roads, bridges, sidewalks, lighting, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are capitalized at historical costs. Donated assets are recorded at their estimated fair value at the date of donation. The Town maintains a threshold level of \$2,500 or more for capitalizing assets. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

In accordance with GASB Statement No. 34, because of the costs involved in retroactively capitalizing infrastructure, the Town has elected an exception for local governments with annual revenues of less than \$10 million and will prospectively capitalize infrastructure from the date of implementation of GASB Statement No. 34 forward and will not retroactively capitalize infrastructure. The Town does not capitalize historical treasures or works of art.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the statement of activities. All capital assets, other than the land, are depreciated using the straight-line method over the following useful lives:

TOWN OF HAUGHTON, LOUISIANA

Notes to the Financial Statements
December 31, 2007

1. Summary of Significant Accounting Policies (Continued):

Capital Assets (Continued) –

<u>Description</u>	<u>Estimated Lives</u>
Buildings	20-40 years
Equipment	5-15 years
Water, sewer, and drainage system	15-40 years
Roads	20-50 years
Land improvements	20 years
Building improvements	10-30 years

Inventories –

Inventories of supplies in the proprietary funds are not material and are charged to operations as purchased.

Long-term Debt –

The accounting treatment of long-term debt depends upon whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

All long-term debts to be repaid from governmental and business-type resources are reported as liabilities in the government-wide financial statements. The Town's long-term debt consists of revenue and general obligations bonds payable.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The accounting for proprietary fund long-term debt is the same in the fund statements as it is in the government-wide statements.

Refundable Deposits –

The Water Fund of the Town requires customers to place a deposit before service is rendered. These monies are considered restricted and are held until the customer discontinues service.

Deferred Revenues –

Deferred revenues arise when potential revenues do not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenues also arise when the Town receives resources before it has a legal claim to them, as when grant monies are received prior to the occurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria have been met or the Town has a legal claim to the resources, the liability for deferred revenue is removed from the balance sheet and revenue is recognized.

Compensated Absences –

No liability is recorded for non-vesting accumulating rights to receive vacation or sick pay benefits.

TOWN OF HAUGHTON, LOUISIANA

Notes to the Financial Statements
December 31, 2007

1. Summary of Significant Accounting Policies (Continued):

Restricted Assets –

The Debt Service and Enterprise Funds, because of certain bond covenants, are required to establish and maintain prescribed amounts of resources (consisting of cash and temporary investments) that can be used only to service outstanding debt. The Enterprise Funds also restrict customer and vendor deposits.

Fund Equity –

In the government-wide financial statements equity is classified as net assets and reported in three components:

- a. Invested in capital assets, net of related debt – Consists of capital assets including restricted capital assets, net of accumulated depreciation, and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net assets – Consists of net assets with constraints placed on the use by (1) external groups, such as creditors, grantors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net assets – Consists of all other assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

In the fund financial statements, governmental fund equity is classified as fund balance. Fund balance is further classified as reserved (portions of fund equity not available for appropriation or are legally restricted by outside parties for use for a specified purpose) or unreserved, with unreserved segregated between designated (portions of fund balance which represents management's plans which are subject to change) and undesignated. Proprietary fund equity is classified the same as in the government-wide financial statements.

Statements of Cash Flows –

For the purposes of the statement of cash flows, the Town considers all highly liquid investments (including restricted assets) with an original maturity of three months or less when purchased to be cash equivalents.

Interfund Transactions

Quasi-external transactions are accounted for as revenues or expenditures. Transactions that constitute reimbursements to a fund for expenditures initially made from it that are properly applicable to another fund are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the fund that is reimbursed.

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Nonrecurring or non-routine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

TOWN OF HAUGHTON, LOUISIANA

Notes to the Financial Statements December 31, 2007

1. Summary of Significant Accounting Policies (Continued):

Estimates -

The preparation of financial statements generally requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Budgets and Budgetary Accounting -

The Town follows these procedures in establishing the budgetary data reflected in these financial statements:

1. The Mayor prepares a proposed budget and submits same to the Board of Aldermen no later than fifteen days prior to the beginning of each fiscal year.
2. A summary of the proposed budget is published and the public notified that the proposed budget is available for public inspection. At the same time, a public hearing is called.
3. A public hearing is held on the proposed budget at least ten days after publication of the call for the hearing.
4. After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted through passage of an ordinance prior to the commencement of the fiscal year for which the budget is being adopted.
5. The budget ordinance is structured such that revenues are budgeted by source and appropriations are budgeted by department and by principal object of expenditure. The Board of Aldermen may revise or amend the budget at its discretion during legally convened sessions. Management may amend the budget only below the department level.
6. The Town utilizes formal budgetary integration as a management control device for all funds.

The 2007 budget was amended on December 11, 2007.

Property Taxes -

Ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are levied by the Town in September or October and are actually billed to the taxpayers in November. Billed taxes become delinquent on January of the following year. Revenues from ad valorem taxes are budgeted in the year billed.

The Town bills and collects its own property taxes using the assessed values determined by the tax assessor of Bossier Parish and approved by the State of Louisiana Tax Commission.

TOWN OF HAUGHTON, LOUISIANA

Notes to the Financial Statements December 31, 2007

2. Deposits With Financial Institutions

The Town's deposits with financial institutions are stated at cost, which approximates market value. At December 31, 2007 the carrying amount of the Town's deposits with financial institutions was \$3,188,247, and the collected bank balance was \$3,219,769. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the Town of Haughton in a holding or custodial bank that is mutually acceptable to both parties. Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified that the fiscal agent has failed to pay deposited funds upon demand.

Custodial Credit Risk: Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the government will not be able to recover its deposits. At year end, bank balances were fully protected by \$110,510 of federal depository insurance and \$3,763,517 of pledged securities held by the custodial bank in the name of the Town.

Interest Rate Risk: The Town's certificates of deposit have maturities of eighteen months or less which limits exposure to fair value losses arising from rising interest rates.

Credit Risk: The Town's investments comply with Louisiana Statutes (LSA R.S. 33:2955). Under state law, the Town may deposit funds with a fiscal agent organized under the laws of Louisiana, the laws of any other state in the union, or the laws of the United States. The Town may invest in United States bonds, treasury notes and bills, government backed agency securities, or certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana.

3. Due From/To Other Funds and Operating Transfers:

Amounts due from and to other funds as reported in the fund financial statements at December 31, 2007 are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Water Fund	\$ 27,806
General Fund	Sewer Fund	98,519
Water Fund	Debt Service Fund	32
Sewer Fund	Water Fund	13,314
Sewer Fund	Sanitation Fund	1,734
Sewer Fund	Capital Project	1
Sanitation Fund	General Fund	132,214
Sanitation Fund	Water Fund	16,286
Debt Service Fund	Sewer Fund	284,499
Debt Service Fund	General Fund	661
		<u>\$ 575,066</u>

TOWN OF HAUGHTON, LOUISIANA

Notes to the Financial Statements
December 31, 2007

3. Due From/To Other Funds and Operating Transfers – (Continued):

In the ordinary course of business, the Town routinely transfers resources between its funds. Transfers are used to (1) move revenues from the fund required by statute or budget to collect them to the fund required by statute or budget to expend them, and (2) use unrestricted revenues to finance various programs accounted for in other funds in accordance with budgetary authorizations.

	Transfer In	Transfer Out
General Fund	\$ 65,375	\$ 311,861
Water Fund	235,818	37,500
Sewer Fund	196,765	27,875
Sanitation Fund	-	-
Capital Projects Fund	-	158,200
Debt Service Fund	37,478	-
	<u>\$ 535,436</u>	<u>\$ 535,436</u>

4. Receivables:

As of December 31, 2007, receivables consisted of the following:

	General Fund	Debt Service	Capital Projects	Water Fund	Sewer Fund	Sanitation Fund
Taxes receivable:						
Video poker	\$ 35,234	\$ -	\$ -	\$ -	\$ -	\$ -
Ad valorem taxes	16,079	35,006	-	-	-	-
Beer taxes	2,753	-	-	-	-	-
Sales taxes	78,828	-	-	-	-	-
Franchise taxes	36,415	-	-	-	-	-
Grants	-	-	4,866	-	-	-
Allowance	-	(472)	-	-	-	-
	<u>169,309</u>	<u>34,534</u>	<u>4,866</u>	<u>-</u>	<u>-</u>	<u>-</u>
Accounts	-	-	-	35,651	29,385	23,496
Accrued interest	2,752	-	-	5,026	-	213
Total	<u>\$ 172,061</u>	<u>\$ 34,534</u>	<u>\$ 4,866</u>	<u>\$ 40,677</u>	<u>\$ 29,385</u>	<u>\$ 23,709</u>

TOWN OF HAUGHTON, LOUISIANA

Notes to the Financial Statements
December 31, 2007

5. Restricted Assets:

Restricted assets consisting of cash and cash equivalents and certificates of deposit maturing in more than three months at December 31, 2007, are as follows:

Enterprise Fund:

Water Revenue Bonds	\$ 30,267
Water Revenue Bonds Sinking Fund	36,210
Sewer Contingency Fund	39,261
Water Meter Deposit	89,045
Contract Deposits	10,000
Total	<u>\$ 204,783</u>

6. Capital Assets:

Capital assets and depreciation activity as of and for the year ended December 31, 2007 for the Town is as follows:

	Balance December 31, 2006	Additions	Deletions	Balance December 31, 2007
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 126,521	\$ -	\$ -	\$ 126,521
Capital assets being depreciated:				
Buildings	803,981	-	-	803,981
Improvements other than buildings	797,567	17,000	-	814,567
Equipment	1,448,292	158,473	(39,609)	1,567,156
Total capital assets being depreciated	<u>3,049,840</u>	<u>175,473</u>	<u>(39,609)</u>	<u>3,185,704</u>
Less accumulated depreciation for:				
Buildings	79,894	25,718	-	105,612
Improvements other than buildings	371,182	41,803	-	412,985
Equipment	1,213,481	120,343	(39,609)	1,294,215
Total accumulated depreciation	<u>1,664,557</u>	<u>187,864</u>	<u>(39,609)</u>	<u>1,812,812</u>
Total capital assets - net	<u>\$ 1,511,804</u>	<u>\$ (12,391)</u>	<u>\$ -</u>	<u>\$ 1,499,413</u>

Depreciation expense of \$187,864 for the year ended December 31, 2007, was charged to the following governmental functions:

General government	\$ 2,991
Public safety	117,938
Streets	66,935
Total	<u>\$ 187,864</u>

TOWN OF HAUGHTON, LOUISIANA

Notes to the Financial Statements December 31, 2007

6. Capital Assets (Continued):

	Balance December 31, 2006	Additions	Deletions	Balance December, 31 2007
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 17,200	\$ -	\$ -	\$ 17,200
Construction in progress	-	18,866	-	18,866
Total capital assets not being depreciated	17,200	18,866	-	36,066
Capital assets being depreciated:				
Buildings	10,359	-	-	10,359
Equipment	187,501	-	-	187,501
Water system and equipment	2,255,694	707,285	-	2,962,979
Sewer plant	2,868,277	186,365	-	3,054,642
Total capital assets being depreciated	5,321,831	893,650	-	6,215,481
Less accumulated depreciation for:				
Buildings	9,198	237	-	9,435
Equipment	86,579	13,201	-	99,780
Water system	1,471,815	95,697	-	1,567,512
Sewer plant	1,307,217	88,437	-	1,395,654
Total accumulated depreciation	2,874,809	197,572	-	3,072,381
Total capital assets - net	\$ 2,464,222	\$ 714,944	\$ -	\$ 3,179,166

7. Long-Term Obligations:

The following is a summary of bond transactions for the year ended December 31, 2007:

	Business-type Activities Revenue Bonds	Governmental Activities Sales Tax Refunding	Total
Bonds payable at December 31, 2006	\$ 118,814	\$ 200,000	\$ 318,814
Debt retired - serial bonds	(22,268)	(24,000)	(46,268)
Bonds payable at December 31, 2007	\$ 96,546	\$ 176,000	\$ 272,546

TOWN OF HAUGHTON, LOUISIANA

Notes to the Financial Statements
December 31, 2007

7. Long-Term Obligations (Continued):

Bonds payable at December 31, 2007, are comprised of the following issues:

Sales Tax Refunding Bonds

\$423,000, Sales Tax Refunding Bonds, Series 1994, due in annual installments of \$24,000 to \$34,000 through November 1, 2013; interest at 5.70% to 6.00%. \$ 176,000

\$332,000 water revenue bonds, Series A and B, dated February 1, 1993, due in annual installments of \$ 18,461 to \$28,461 ; including interest to yield 6.26%, maturing February 1, 2013. 96,546

Total Bonds Payable \$ 272,546

The annual requirements to amortize all debt outstanding as of December 31, 2007, including interest payments of \$63,432 are as follows:

<u>December 31, 2007</u>	<u>1994</u>	<u>A & B</u>	<u>Total</u>
2008	\$ 35,425	\$ 29,161	\$ 64,586
2009	35,975	18,461	54,436
2010	35,382	18,461	53,843
2011	35,730	18,461	54,191
2012	35,960	18,461	54,421
2013	36,040	18,461	54,501
Totals	<u>\$ 214,512</u>	<u>\$ 121,466</u>	<u>\$ 335,978</u>

8. Sinking Fund Requirements:

Under the terms of the Sales Tax Refunding Bonds, Series 1994, all proceeds derived from the levy and collection of the one percent (1%) sales tax are to be used in the following order or priority:

- A. The payment of all reasonable and necessary expenses of collection and administration of the tax.
- B. The establishment and maintenance of a Sales Tax Bond Sinking Fund – 1994 sufficient in amount to pay promptly and fully the principal of and the interest on the bonds as they become payable by transferring from the Sales Tax Fund to the Sinking Fund on or before the 20th day of each month, a sum equal to one-twelfth (1/12) of the principal and one-sixth (1/6) of the interest falling due on the next payment date.

TOWN OF HAUGHTON, LOUISIANA

Notes to the Financial Statements
December 31, 2007

8. Sinking Fund Requirements (Continued):

- C. The establishment and maintenance of a Sales Tax Bond Reserve Fund – 1994 by transferring a lump sum of \$12,000 and, thereafter, monthly from the Sales Tax Fund to the Reserve Fund a sum at least equal to five percent (5%) of the amount required to be paid monthly into the Sinking Fund, and to continue until such time as there has been accumulated in the Reserve Fund sums in an amount equal to the ten percent (10%) of the proceeds of the bonds (\$42,300) or the highest combined principal and interest requirements for any succeeding bond year (\$36,040). The money is to be retained solely for the purpose of paying the principal of and interest on bonds payable from the Sinking Fund as to which there would otherwise be default.
- D. All money remaining in the Sales Tax Fund on the 20th day of the month in excess of these requirements shall be considered surplus. Such surplus may be used by the Town for any of the purposes for which the imposition of the tax is authorized or for the purpose of retiring installments of principal of the bond in advance of their payment date.

Under the terms of the 1993 Series A and B water revenue bonds; the following funds are to be maintained with respect to the bonds.

- A. As provided in the Resolution, all income and revenues earned or derived from the operation of the System shall be deposited as the same may be collected in the Revenue Fund. Out of the funds on deposit in the Revenue Fund, after the reasonable and necessary expenses of operating and maintaining the System have been paid, monies are to be transferred to the Sinking Fund, the Reserve Fund and/or the Contingencies Fund as provided in the Resolution.
- B. The Sinking Fund is designed to achieve a proper matching of revenues and debt service on the bonds and any additional parity bonds within each Bond Year (ending February 1). Amounts transferred from the Revenue Fund and the Reserve Fund and deposited in the Sinking Fund will be applied to the next payment of principal or interest on the bonds following such transfer. The issuer is required by the Resolution to make monthly deposits into the Sinking Fund, the Reserve Fund and the Contingency Fund from the Net Revenues, no later than the 20th day of each month. The required monthly deposit for the Sinking Fund was \$2,430 for 2007. All amounts deposited in the Sinking Fund are expected to be depleted at least once a year on February 1 (the principal and interest payment date for the bonds), except for a reasonable carryover amount which will not exceed the greater of (1) one year's earnings on such funds, or (2) 1/12 of the annual debt service on the bonds and any additional parity bonds payable therefrom.
- C. The Reserve Fund is maintained solely for the purpose of paying the principal of and the interest on bonds payable from the Sinking Fund as to which there would otherwise be default (except such amounts as may be payable to the United States of America as a rebate of arbitrage pursuant to Section 148(f) of the Code). A sum of \$10,000 deposited therein simultaneously with the delivery of the bonds and thereafter a monthly payment at least equal to five percent (5%) of the monthly Sinking Fund payment until an amount equal to the Reserve Fund requirement is accumulated therein.
- D. The Contingencies Fund is established to care for extensions, additions, improvements, renewals and replacements necessary to properly operate the System, by transferring from the System Fund on or before the 20th day of each month of each year a sum of \$148. Such payments into the Contingencies Fund are to continue over the life of the bonds. In addition to caring for extensions, additions, improvements, renewals and replacements necessary to properly operate the System, the money in the Contingencies Fund may also be used to pay the principal of and the interest bonds, including any additional pari passu bonds issued hereafter in the manner provided by the Resolution, for the payment of which there is not sufficient money in the Sinking Fund or Reserve Fund.

TOWN OF HAUGHTON, LOUISIANA

Notes to the Financial Statements December 31, 2007

9. Capital Leases:

The Town has incurred a lease obligation for the acquisition of radio equipment for the Police Department. The General Fund provides debt service for the capital lease. Equipment acquired by the capital lease is included in capital assets. The capital lease obligation matured and was fully retired during the year ended December 31, 2007.

10. Ad Valorem Taxes:

For the year ended December 31, 2007, taxes at the rate of 13.28 mills were levied on property with assessed valuations totaling \$8,404,510. Of the total millage levied (\$111,613), 4.59 mills (\$38,578) are available for general purposes and 8.69 mills (\$73,035) are dedicated for retirement of general obligation bonds.

11. Retirement Commitments:

Substantially all employees of the Town of Haughton, Louisiana, are either members of the Municipal Police Employees Retirement System of Louisiana, Municipal Employees Retirement System of Louisiana, or Firefighter's Retirement System of Louisiana which are statewide retirement systems. These systems are cost sharing, multiple-employer defined benefit pension plans administered by separate boards of trustees. Pertinent information relative to these plans is as follows:

MUNICIPAL POLICE EMPLOYEES RETIREMENT SYSTEM OF LOUISIANA (SYSTEM)

A. Plan Description

All full-time police department employees engaged in law enforcement are required to participate in the System. Employees who retire at or after age 50 with at least 20 years of creditable service or at or after age 55 with at least 12 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3 1/3% of their final-average salary for each year of creditable service. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Municipal Police Employees Retirement System of Louisiana, 8401 United Plaza Boulevard, Baton Rouge, Louisiana 70809-2250, or by calling (225) 929-7411.

B. Funding Policy

Plan members are required by state statute to contribute 7.5% of their annual covered salary and the Town of Haughton is required to contribute at an actuarially determined rate. The rate was 15.50% for periods through June 30, 2007 and the current rate effective July 1, 2007 is 13.75% of annual covered payroll. The contribution requirements of plan members and the Town of Haughton are established and may be amended by state statute. As provided by R.S. 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Town of Haughton's contributions to the system for the years ending December 31, 2007, 2006, and 2005, were \$35,481, \$35,826, and \$39,089, respectively, equal to the required contributions for each year.

TOWN OF HAUGHTON, LOUISIANA

Notes to the Financial Statements
December 31, 2007

11. Retirement Commitments (Continued):

MUNICIPAL EMPLOYEES RETIREMENT SYSTEM OF LOUISIANA (SYSTEM)

A. Plan Description

The System is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. All employees of the Town are members of Plan A.

All permanent employees working at least 35 hours per week who are not covered by another pension plan and are paid wholly or in part from Town funds and all elected Town officials are eligible to participate in the System. Under Plan A, employees who retire at or after age 60 with at least 10 years of creditable service, at or after age 55 with at least 25 years of creditable service, or at any age with at least 30 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3% of their final-average salary for each year of creditable service. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Municipal Employees Retirement System of Louisiana, 7937 Office Park Boulevard, Baton Rouge, Louisiana 70809, or by calling (225) 925-4810.

B. Funding Policy

Under Plan A, members are required by state statute to contribute 9.25% of their annual covered salary and the Town of Haughton is required to contribute at an actuarially determined rate. The rate was 16.25% for periods through June 30, 2007 and the current rate effective July 1, 2007 is 13.50% of annual covered payroll. Contributions to the System also include one-fourth of 1% (except Orleans and East Baton Rouge parishes) of the taxes shown to be collectible by the tax rolls of each parish. These tax dollars are divided between Plan A and Plan B based proportionately on the salaries of the active members of each plan. The contribution requirements of plan members and the Town of Haughton are established and may be amended by state statute. As provided by R.S. 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Town of Haughton began this retirement plan in 2001 and contributions to the System under Plan A for the years ending December 31, 2007, 2006, and 2005 were \$43,668, \$42,367, and \$40,633, respectively, equal to the required contributions for each year.

FIREFIGHTERS' RETIREMENT SYSTEM OF LOUISIANA

A. Plan Description

Membership in the Louisiana Firefighters' Retirement System is mandatory for all full-time firefighters employed by a municipality, parish, or fire protection district that did not enact an ordinance before January 1, 1980, exempting itself from participating in the System. Employees are eligible to retire at or after age 55 with at least 12 years of creditable service or at or after age 50 with at least 20 years of creditable service. Upon retirement, members are entitled to a retirement benefit, payable monthly for life, equal to 3 1/3% of their final-average salary for each year of creditable service, not to exceed 100% of their final-average salary. Final-average salary is the employee's average salary over the 36 consecutive or joined

TOWN OF HAUGHTON, LOUISIANA

Notes to the Financial Statements
December 31, 2007

11. Retirement Commitments (Continued):

months that produce the highest average. Employees who terminate with at least 12 years of service and do not withdraw their employee contributions may retire at or after age 55 (or at or after age 50 with at least 20 years of creditable service at termination) and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Firefighters' Retirement System, Post Office Box 94095, Capitol Station, Baton Rouge, Louisiana 70804, or by calling (225) 925-4060.

B. Funding Policy

Plan members are required by state statute to contribute 8.0% of their annual covered salary and the Town of Haughton is required to contribute at an actuarially determined rate. The rate was 15.50% for the period ended June 30, 2007 and the current rate effective July 1, 2007, is 13.75% of annual covered payroll. The contribution requirements of plan members and the Town of Haughton are established and may be amended by state statute. As provided by R.S. 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Town's contributions to the System for the years ending December 31, 2007, 2006, and 2005, was \$27,065, \$29,765, and \$18,928, respectively, equal to the required contributions.

12. On-Behalf Payments:

The Town received a total of \$29,575 in police supplemental pay and a total of \$24,627 in firemen supplemental pay from the State of Louisiana. The Town is responsible for withholding taxes from these employees and paying the Town's matching portion of social security taxes for the amount of supplemental pay received. The Town must recognize this supplemental pay received by the employees as revenues and expenditures of the Town. The revenue is reported in the General Fund under intergovernmental revenues and the expenditure is reported as public safety expenditures.

13. Related Party Transactions:

Procedures, observations, and inquiries did not disclose any material related party transactions for the fiscal year ended December 31, 2007.

14. Commitments and Contingencies:

The Town is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town carries commercial insurance for all risks of loss, including workers' compensation and employee health and accident insurance. Settlements have not exceeded insurance coverage in any of the past three fiscal years.

Grant Audit

The Town participates in certain federal and state assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. Any liability for reimbursement which may arise as the result of these audits is not believed to be material.

TOWN OF HAUGHTON, LOUISIANA

Notes to the Financial Statements
December 31, 2007

14. Commitments and Contingencies (Continued):

Lawsuits

The Town is often the defendant in various lawsuits arising in the normal course of operations. In the opinion of the administration, the outcome of these lawsuits will not have a material adverse effect on the accompanying financial statements and accordingly, no provision for losses has been recorded.

Construction Commitments

As of December 31, 2007, the Town had entered binding construction agreements for the following:

- New booster station located at Academy Trailer Park at a cost of \$189,100.

REQUIRED SUPPLEMENTARY INFORMATION – PART II

TOWN OF HAUGHTON, LOUISIANA

Budgetary Comparison Schedules General Fund For the Year Ended December 31, 2007

	General Fund			
	Budgeted Amounts		Actual	Variance- Favorable (Unfavorable)
	Original	Final		
Revenues:				
Property taxes	\$ 36,000	\$ 24,000	\$ 38,273	\$ 14,273
Franchise taxes	53,000	64,500	77,373	12,873
Sales Taxes	604,000	913,500	890,063	(23,437)
Other taxes	12,000	16,500	15,312	(1,188)
Licenses and permits	140,000	193,500	145,199	(48,301)
Grant revenue	243,000	6,000	4,226	(1,774)
Intergovernmental	425,400	513,500	494,464	(19,036)
Interest	38,000	86,000	79,656	(6,344)
Fines and forfeits	118,000	111,000	102,380	(8,620)
Contributions	-	-	8,500	8,500
Other	7,000	26,500	24,539	(1,961)
Total revenues	<u>1,676,400</u>	<u>1,955,000</u>	<u>1,879,985</u>	<u>(75,015)</u>
Expenditures:				
Current:				
General government	252,140	309,910	261,473	48,437
Public safety	885,700	894,700	920,395	(25,695)
Streets and drainage	375,190	97,000	56,461	40,539
Capital outlay	618,599	269,999	175,473	94,526
Debt service:				
Principal retirement	36,000	-	11,169	(11,169)
Interest	1,000	-	771	(771)
Total expenditures	<u>2,168,630</u>	<u>1,571,609</u>	<u>1,425,742</u>	<u>145,867</u>
Excess of revenues over	<u>(492,230)</u>	<u>383,391</u>	<u>454,243</u>	<u>70,852</u>
Other financing sources (uses):				
Sale of assets	-	-	500	500
Transfers in	242,400	66,000	65,375	(625)
Transfers out	-	-	(311,861)	(311,861)
Total other financing sources (uses)	<u>242,400</u>	<u>66,000</u>	<u>(245,986)</u>	<u>(311,986)</u>
Net change in fund balances	<u>(249,830)</u>	<u>449,391</u>	<u>208,257</u>	<u>(241,134)</u>
Fund balances at beginning of year	<u>2,212,208</u>	<u>2,212,208</u>	<u>2,212,208</u>	<u>-</u>
Fund balances at end of year	<u>\$ 1,962,378</u>	<u>\$ 2,661,599</u>	<u>\$ 2,420,465</u>	<u>\$ (241,134)</u>

The notes to the financial statements are an integral part of this statement.
See the accompanying independent auditor's report.

TOWN OF HAUGHTON, LOUISIANA

Budgetary Comparison Schedule
Debt Service Fund
For the Year Ended December 31, 2007

	Debt Service Fund			Variance -
	Budgeted Amounts			Favorable
	Original	Final	Actual	(Unfavorable)
Revenues:				
Property taxes	\$ 39,000	\$ 39,000	\$ 73,036	\$ 34,036
Interest	2,000	2,000	2,512	512
Total revenues	41,000	41,000	75,548	34,548
Expenditures:				
Debt service:				
Principal retirement	29,000	-	24,000	(24,000)
Interest	19,500	7,500	11,793	(4,293)
Fiscal charges	-	-	1,000	(1,000)
Total expenditures	48,500	7,500	36,793	(29,293)
Excess (deficiency) of revenues over expenditures	(7,500)	33,500	38,755	5,255
Other financing sources:				
Transfers in	37,000	37,000	37,478	478
Transfers out	-	-	-	-
Total other financing sources	37,000	37,000	37,478	478
Change in fund balance	29,500	70,500	76,233	5,733
Fund balance at beginning of year	311,299	311,299	311,299	-
Fund balance at end of year	\$ 340,799	\$ 381,799	\$ 387,532	\$ 5,733

The notes to the financial statements are an integral part of this statement.
See the accompanying independent auditor's report.

TOWN OF HAUGHTON, LOUISIANA

Budgetary Comparison Schedule
Capital Projects Fund
For the Year Ended December 31, 2007

	Capital Projects Fund			Variance -
	Budgeted Amounts		Actual	Favorable
	Original	Final		(Unfavorable)
Revenues:				
Grant revenue	\$ 158,200	\$ 125,000	\$ 163,066	\$ 38,066
Excess of revenues over expenditures	158,200	125,000	163,066	38,066
Other financing sources (uses):				
Transfers out	-	-	(158,200)	(158,200)
Net change in fund balance	158,200	125,000	4,866	(120,134)
Fund balance at beginning of year	-	-	-	-
Fund balance at end of year	\$ 158,200	\$ 125,000	\$ 4,866	\$ (120,134)

The notes to the financial statements are an integral part of this statement.
See the accompanying independent auditor's report.

TOWN OF HAUGHTON, LOUISIANA

Notes to Budgetary Comparison December 31, 2007

The proposed budget for the December 31, 2007 fiscal year was adopted on December 12, 2006. The budget is prepared in accordance with the Generally Accepted Accounting Principles (GAAP).

The Town follows these procedures in establishing the budgetary data reflected in these financial statements:

1. The Mayor prepares a proposed budget and submits it to the Board of Alderman no later than fifteen days prior to the beginning of each fiscal year.
2. A summary of the proposed budget is published and the public is notified that the proposed budget is available for public inspection. At the same time, a public hearing is called.
3. A public hearing is held on the proposed budget at least ten days after publication of the call for the hearing.
4. After holding the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted through passage of an enabling ordinance prior to the commencement of the fiscal year for which the budget is being adopted.
5. The budget is structured such that revenues are budgeted by source and appropriations are budgeted by department and by principal object of expenditure. The Board of Alderman may revise or amend the budget as its discretion during legally convened sessions. The budgetary information presented in these financial statements is as amended (if amended). Management may amend the budget only below the department level.
6. The Town utilizes formal budgetary integration as a management control device for all funds.

Through the budget, the Town allocates its resources and establishes its priorities. The annual budget assures the efficient and effective uses of the Town's economic resources. It establishes the foundation of effective financial planning by providing resource planning, performance measures and controls that permit the evaluation and adjustment of the Town's performance.

Expenditures may not legally exceed appropriations at the fund level. Appropriations that are not expended lapse at year end. The budget for the year ended December 31, 2007 was amended on December 11, 2007.

The Budgetary Comparison Schedules present comparisons of the original and final legally adopted budget with the actual data.

OTHER SUPPLEMENTARY INFORMATION

TOWN OF HAUGHTON, LOUISIANA

**Schedule of Mayor's and Aldermen's
Compensation**

For the Year Ended December 31, 2007

The schedule of compensation paid to the mayor and the aldermen is presented in compliance with House Concurrent Resolution No. 54 Of the 1979 Session of the Louisiana Legislature. Compensation of the mayor and aldermen is included in the general government expenditures of the General Fund. During 2007, the following amounts were paid to the mayor and aldermen:

	<u>Compensation</u>
Mayor Maxey	\$ 15,900
Alderman Caskey	4,200
Alderman Hollis	4,200
Alderman Lacy	4,200
Alderwoman McGee	4,200
Alderman Winnfield	<u>4,200</u>
Totals	<u>\$ 36,900</u>

The current elected officials:

Office expiration date:

Billy J. Maxey – Mayor (deceased)

December 31, 2008

Ray Caskey

December 31, 2008

Michael Hollis

December 31, 2008

Tommy Lacy

December 31, 2008

Martha McGee

December 31, 2008

Elbert Winnfield

December 31, 2008

Supplementary schedule.
Presented for purposes of additional analysis only.

OTHER REPORTS

**INDEPENDENT AUDITOR'S REPORT REQUIRED BY
GOVERNMENT AUDITING STANDARDS**

The following independent auditor's report on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with *Government Auditing Standards* is presented in compliance with requirements of *Government Auditing Standards*, issued by the Comptroller General of the United States and the *Louisiana Governmental Audit Guide*, issued by the Society of Louisiana Certified Public Accountants and the Louisiana Legislative Auditor.

WILLIAM E. WEATHERFORD, CPA, LLC
CERTIFIED PUBLIC ACCOUNTANT

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

The Honorable Martha McGee, Mayor
and the members of the Board of Aldermen
Town of Haughton, Louisiana

I have audited the financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Haughton, Louisiana, as of and for the year ended December 31, 2007, which collectively comprise the Town of Haughton, Louisiana's basic financial statements and have issued my report thereon dated June 24, 2008. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered the Town of Haughton, Louisiana's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Haughton, Louisiana's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the Town of Haughton, Louisiana's internal control over financial reporting.

My consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, I identified certain deficiencies in internal control over financial reporting that I consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Town of Haughton, Louisiana's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Town of Haughton, Louisiana's financial statements that is more than inconsequential will not be prevented or detected by the Town of Haughton, Louisiana's internal control. I consider the following deficiencies described in the accompanying schedule of findings to be significant deficiencies in internal control over financial reporting: 07-3 and 07-4.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Town of Haughton, Louisiana's internal control.

My consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, I consider items 07-3 and 07-4 to be material weaknesses.

POST OFFICE BOX 5946, SHREVEPORT, LA 71135
PHONE: 318-798-1978 FAX: 318-798-1917

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Haughton, Louisiana's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings as items 07-1 and 07-2.

The Town of Haughton, Louisiana's response to the findings in my audit is included in the accompanying "Management's Corrective Action Plan". I did not audit the Town of Haughton, Louisiana's response, and accordingly, I express no opinion on it.

This report is intended solely for the information and use of the Town of Haughton, Louisiana, the Louisiana Legislative Auditor, federal awarding agencies and pass-through entities, and management and is not intended to be and should not be used by anyone other than these specified parties. However, under Louisiana Revised Statute 21:513, this report is a public document and its distribution is not limited.

William E. Weatherford, CPA, LLC

William E. Weatherford, CPA, LLC
Certified Public Accountant
Shreveport, Louisiana
June 24, 2008

AUDIT FINDINGS

TOWN OF HAUGHTON, LOUISIANA

Schedule of Findings
December 31, 2007

FINDINGS RELATED TO COMPLIANCE

Item: 07-1

Criteria or specific requirement:

Louisiana Revised Statute 39:1310 requires the budget of the General Fund to be amended whenever the "total expenditures and other uses plus the projected expenditures and other uses for the remainder of the year, within a fund, are exceeding the total budgeted expenditures and other uses by five percent or more."

Condition:

The actual expenditures and other uses of the General Fund exceeded the budgeted expenditures and other uses by \$165,994 (10.56%).

Questioned costs:

None

Context:

The Town did not amend the budget of the General Fund when the expenditures and other uses exceeded the original budgeted amounts by more than 5%.

Effect:

The Town is not in compliance with Louisiana Revised Statute 39:1310. Without periodic review and adjustment of the Town's budgets, their usefulness as a means of managerial control is seriously restricted.

Cause:

Unknown.

Recommendation:

The Town should periodically review the variance between budgeted and actual amounts and amend the budgets as necessary to retain their usefulness as a means of managerial control.

Item: 07-2

Criteria or specific requirement:

Louisiana Revised Statute 39:1212 requires funds collected by the Town to be deposited daily whenever practicable.

Condition:

Funds collected by the Town are not promptly deposited into the bank.

TOWN OF HAUGHTON, LOUISIANA

Schedule of Findings
December 31, 2007

Questioned costs:

None

Context:

Collections of receipts by the police department are held for several days before they are deposited.

Effect:

Failure to promptly deposit collections causes a loss of interest revenue and provides an opportunity for possible misappropriation of funds.

Cause:

Unknown

Recommendation:

All funds collected by the Town should be deposited in a timely manner (daily) as required by Louisiana Revised Statutes.

FINDINGS RELATED TO INTERNAL CONTROL

Item: 07-3

Criteria or specific requirement:

The detailed trial of customer meter deposits maintained by the utility billing software should reflect the amount of the general ledger control account.

Condition:

The detailed trial of the customer meter deposits has not been reconciled to the general ledger control account.

Questioned costs:

Undetermined.

Context:

The detailed trial of the customer meter deposits is not reconciled to the general ledger control account on a monthly basis.

Effect:

Failure to reconcile the detailed trial of customer meter deposits maintained by the utility billing software to the general ledger control account provides an opportunity for significant errors or misappropriations of funds to occur which would not be detected in a timely manner.

TOWN OF HAUGHTON, LOUISIANA

Schedule of Findings
December 31, 2007

Cause:

Unknown.

Recommendation:

The detailed trial of customer meter deposits should be reconciled to the general ledger control account on a monthly basis. Any unexplained variances should be immediately investigated and resolved.

Item: 07-4

Criteria or specific requirement:

Strong internal control requires documents of original entry (police citations) to be pre-numbered and issued in sequential order.

Condition:

Police citations are not being issued in numerical sequence. Furthermore, the Town was unable to provide police citations 21431 through 21440 for examination.

Questioned costs:

Unknown

Context:

Police citation books are not issued to officers in numerical sequence. Upon inquiry, the Town's police department asserted that the ticket book containing tickets 21431 through 21440 had been damaged by water and subsequently trashed.

Effect:

Accounting for the disposition of unissued citations is more difficult than necessary and the risk of misappropriation is increased. We were unable to test the ultimate disposition of the ten citations 21431 through 21440.

Cause:

The police department is not issuing citation books in numerical sequence.

Recommendation:

Citations should be issued to officers in numerical sequence. Also, the police department should retain all citations for a period of at least three years. Damaged citations should be voided and all copies retained for examination purposes.

TOWN OF HAUGHTON, LOUISIANA

**Summary Schedule of Prior Audit Findings
December 31, 2007**

FINDINGS RELATED TO COMPLIANCE

Item: 06-1

Condition:

Funds Collected by the Town are not promptly deposited into the bank.

Status:

Not resolved – see Item 07-2.

Item: 06-2

Condition:

The actual expenditures and other uses of the General Fund exceeded the budgeted expenditures and other uses by \$274,445 (20.15%).

Status:

Not resolved – see Item 07-1.

Item: 06-3

Condition:

The Town's annual financial audit was not filed with the Louisiana Legislative Auditor on or before June 30, 2007.

Status:

Resolved

FINDINGS RELATED TO INTERNAL CONTROL

Item: 06-4

Condition:

The detailed trial of the customer meter deposits has not been reconciled to the general ledger control account.

Status:

Not resolved – see Item 07-3.



TOWN OF HAUGHTON

118 W. McKinley Ave.
P.O. Box 729
Haughton, LA 71037-0729
Ph: (318) 949-9401 / Fax: (318) 949-2609

MAYOR
Martha McGee

CORRECTIVE ACTION PLAN

The Town of Haughton, Louisiana, submits the following corrective action plan for the Schedule of Findings. The responses are numbered consistently with the numbers assigned in the schedule.

FINDINGS RELATED TO COMPLIANCE

Item 07-1: Budget amendments

The variance between the budgeted and actual amounts of the General fund will be reviewed on a monthly basis. The General Fund budget will be amended as required.

Item 07-2: Daily deposits of receipts

All Town employees receiving payments of any sort will be instructed to make timely deposits of those funds to the financial institution. In the past, the nearest bank was several miles distant; however, a new branch bank will soon open only a few blocks from Town Hall which will greatly facilitate timely deposit of funds.

FINDINGS RELATED TO INTERNAL CONTROL

Item 07-3: Reconciliation of detailed customer meter deposits to the general ledger control account

The detail trial balance of the customer meter deposits will be reconciled to the general ledger control account on a monthly basis.

Item 07-4: Issuance of police citations in sequential order

In the future, the police department will issue citation books to officers in sequential order. All citations will be retained for a period of at least three years subsequent to the year issued.